

Message Text

UNCLASSIFIED

PAGE 01 STATE 096655

61

ORIGIN OPIC-06

INFO OCT-01 AF-06 ISO-00 EB-07 AID-05 L-02 COME-00 TRSE-00

OMB-01 /028 R

DRAFTED BY OPIC/D:JCDILL:PLD
APPROVED BY EB/IFD/OIA:RJSMITH
OPIC/D:JROFFUTT
OPIC/ID:GDMORGAN (DRAFT)
EB/IFD/OIA:DHSTEBBING
AF/C:JHALL DIGGS

----- 060198

R 252249Z APR 75
FM SECSTATE WASHDC
TO AMEMBASSY YAOUNDE

UNCLAS STATE 096655

E.O. 11652: N/A

TAGS: EINV, EFIN, CM

SUBJECT: PRIVATE INSURERS' ROLE IN OPIC

REF: YAOUNDE A-26

1. THE FOLLOWING IS PROVIDED IN RESPONSE TO YOUR REQUEST FOR ADDITIONAL INFORMATION CONCERNING THE ESTABLISHMENT OF THE OVERSEAS PRIVATE INVESTMENT INSURANCE GROUP.

2. IN AUGUST 1974, OPIC'S AUTHORIZING LEGISLATION WAS AMENDED TO INCLUDE A SECTION INDICATING THAT IT "IS THE INTENTION OF CONGRESS THAT THE CORPORATION ACHIEVE PARTICIPATION BY PRIVATE INSURANCE COMPANIES, MULTILATERAL ORGANIZATIONS, OR OTHERS IN LIABILITIES INCURRED IN RESPECT OF THE RISKS" INSURED AGAINST. DIFFERENT TIME-FRAME GUIDELINES FOR THE VARIOUS RISKS WERE ESTABLISHED BY THE CONGRESS FOR THIS PARTICIPATION WHICH IS EXPECTED TO INCREASE OVER THE NEXT SEVERAL YEARS.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 096655

3. PRIVATE COMPANIES TO DATE HAVE ACCEPTED ONLY A SMALL PERCENTAGE PARTICIPATION AS PART OF A POOL ("THE GROUP") IN THE WRITING OF INCONVERTIBILITY AND EXPROPRIATION INSURANCE FOR A SHORT TEST PERIOD. HOWEVER, WITH GREATER FAMILIARITY WITH THE PROGRAM IN THE FUTURE, PRIVATE

COMPANIES ARE EXPECTED TO ACCEPT GREATER PERCENTAGES OF NEW INSURANCE VOLUME.

4. THE ACTUAL ISSUANCE OF INCONVERTIBILITY AND EXPROPRIATION INSURANCE DURING THE CURRENT PRIVATIZATION TEST PERIOD WILL BE BY OPIC BUT ON BEHALF OF THE OVERSEAS INVESTMENT INSURANCE GROUP, OF WHICH OPIC IS THE PREDOMINANT MEMBER AND MANAGER. OPIC WILL REINSURE THE GROUP'S PRIVATE MEMBERS FOR LOSSES ABOVE CERTAIN LIMITS AND WILL ACCEPT THE LONG-TERM CONTRACTUAL OBLIGATIONS OF THE PRIVATE MEMBERS SHOULD THEY WITHDRAW FROM THE GROUP AFTER THE TEST PERIOD. THERE WILL BE NO CHANGE IN THE FORM OF ISSUANCE OF WAR/REVOLUTION/INSURRECTION INSURANCE FOR THE TIME BEING, ALTHOUGH SOME FORM OF MODIFICATION WILL BE NECESSARY IN THE FUTURE TO MEET THE GUIDELINES OF THE CONGRESS.

5. IT IS IMPORTANT TO REMEMBER, AND TO STRESS TO THE GOVERNMENT OF THE URC, THAT, WHILE THERE HAS BEEN A CHANGE IN THE LEGAL FORMALITIES OF THE ACCEPTANCE OF RISK BY CERTAIN INSURANCE COMPANIES AND THE METHOD OF PAYMENT OF FUTURE CLAIMS, IF ANY, OPIC AND THE POLITICAL RISK INSURANCE PROGRAM ARE BOTH STILL VERY MUCH DEVELOPMENTALLY ORIENTED. OPIC STILL ADMINISTERS THE ENTIRE INSURANCE PROGRAM WITH THE SAME DEVELOPMENTAL PURPOSE AS PREVIOUSLY. (THUS, THE REASON FOR NO CHANGE IN OUR BILATERAL AGREEMENT OR PROCEDURE FOR FGA'S.) THE GROUP HAS ACCEPTED ALL OF OPIC'S UNDERWRITING AND DEVELOPMENTAL POLICIES AND CRITERIA AS ITS OWN, AND THESE CANNOT BE CHANGED WITHOUT THE CONSENT OF OPIC. OPIC WILL CONTINUE TO MAKE SPECIAL EFFORTS TO ATTRACT NEW, DEVELOPMENTAL INVESTMENTS TO THE URC AND OTHER DEVELOPING NATIONS WHICH CONTINUE TO DESIRE AND HAVE THE CAPACITY FOR MORE PRIVATE U.S. INVESTMENT.

OPIC'S FINANCE PROGRAM, AS WELL AS SPECIAL OPIC INITIATIVE.
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 096655

TIVES, SUCH AS ITS ANNUAL REPORT FEATURING A SECTION ON

THE URC AND THE RECENT PUBLICATION OF THE LADD REPORT ON INVESTMENT AND DOING BUSINESS IN THE URC, WILL CONTINUE UNAFFECTED BY THE ABOVE ARRANGEMENTS.

6. IMPORTANTLY, THE CONGRESS ALSO INCLUDED IN ITS RECENT LEGISLATIVE CHANGES A NEW PROVISION MANDATING OPIC "TO

THE MAXIMUM EXTENT PRACTICABLE, TO GIVE PREFERENTIAL CONSIDERATION" IN ITS INSURANCE AND FINANCE ACTIVITIES TO INVESTMENT PROJECTS IN COUNTRIES WITH PER CAPITA INCOME

OF LESS THAN 450 DOLLARS PER YEAR. THUS, OPIC WILL BE INTENSIFYING ITS EFFORTS TO ASSIST IN THE SOCIO-ECONOMIC DEVELOPMENT OF THE URC. IN THIS REGARD, WE AGAIN REITERATE THAT WE ARE DESIROUS OF WORKING CLOSELY AS POSSIBLE WITH THE GOVERNMENT OF THE URC AND WITH U. S. EMBASSY AND CONSULAR OFFICIALS TO DEVELOP AND PROMOTE INVESTMENT PROJECTS WHICH WILL BE OF BENEFIT TO THE URC.

7. IF THE EMBASSY OR THE GOVERNMENT OF THE URC HAVE ANY FURTHER QUESTIONS ON THIS OR ANY OTHER MATTER, OR IF OPIC CAN BE OF FURTHER ASSISTANCE IN ANY OTHER WAY, PLEASE FEEL FREE TO CONTACT US. KISSINGER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, PRIVATE ENTERPRISE, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE096655
Document Source: CORE
Document Unique ID: 00
Drafter: JCDILL:PLD
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750147-0705
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750415/aaaaanwu.tel
Line Count: 131
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN OPIC
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 YAOUNDE A-26
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUL 2003 by SilvaL0>; APPROVED <10 FEB 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRIVATE INSURERS' ROLE IN OPIC
TAGS: EINV, EFIN, CM, OPIC
To: YAOUNDE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006